



CIMA[®]

November 2019 Operational Case Study Examination

Pre-seen material

CHOKOLATE BOX



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1. Job and Role Outline

You are a Finance Officer for Chocolate Box. Your main role is to support Paul Meyer, the Finance Manager. Your tasks include preparation of the annual budget, producing the monthly management accounts and providing information to management as required. You also assist with the preparation of the financial statements and any queries regarding financial reporting or taxation.

2. Company Information

Company Background

Chokolade Box is a leading premium chocolatier manufacturing innovative and accessibly priced luxury chocolate. The company is based in Essland, in Continental Europe and has the E\$ as its home currency. The company's shares are listed on the Essland stock exchange.

The company was founded in the 1990's by Sebastian Becker, Managing Director and Adam Theroux, Non-executive Chairman. It originally sold its chocolates online however in 2004, it opened its first physical store and since then has grown rapidly. It now operates 104 stores throughout Essland. The company is extremely vertically-integrated, also owning its own cocoa plantation in Teeland, West Africa.

The company has gained a reputation in the market as a company that produces high quality products. This reputation, together with a move within the chocolate confectionery market towards premium products, has resulted in rapid growth over recent years. In the financial year to 31st December 2018 the company reported annual turnover of E\$139.6 million (an increase of 10.5% on the previous year) and profit before tax of E\$15.3 million (an increase of 13.4%).

The People

The company currently employs 1,248 staff, of which 242 operate in Production and 720 in the Retail Operation. The remainder are involved in Sales and Marketing, Finance, Human Resources, IT, Logistics, Procurement, Research & Development and the cocoa plantation.

The Directors

The company's directors have a wide range of previous experience, mainly in the food and retail industries. They are relatively young, highly enthusiastic and are keen to ensure profitable business development. The company directors are:

Adam Theroux - Non-executive Chairman (co-founder)

Sebastian Becker - Managing Director (co-founder)

Maria Webber - Finance Director

Josephine Jerome - Sales and Marketing Director

Jeremy Johansson - Operations Director

Sophia Bisset - Independent Non-executive Director

Matthew Berg - Independent Non-executive Director

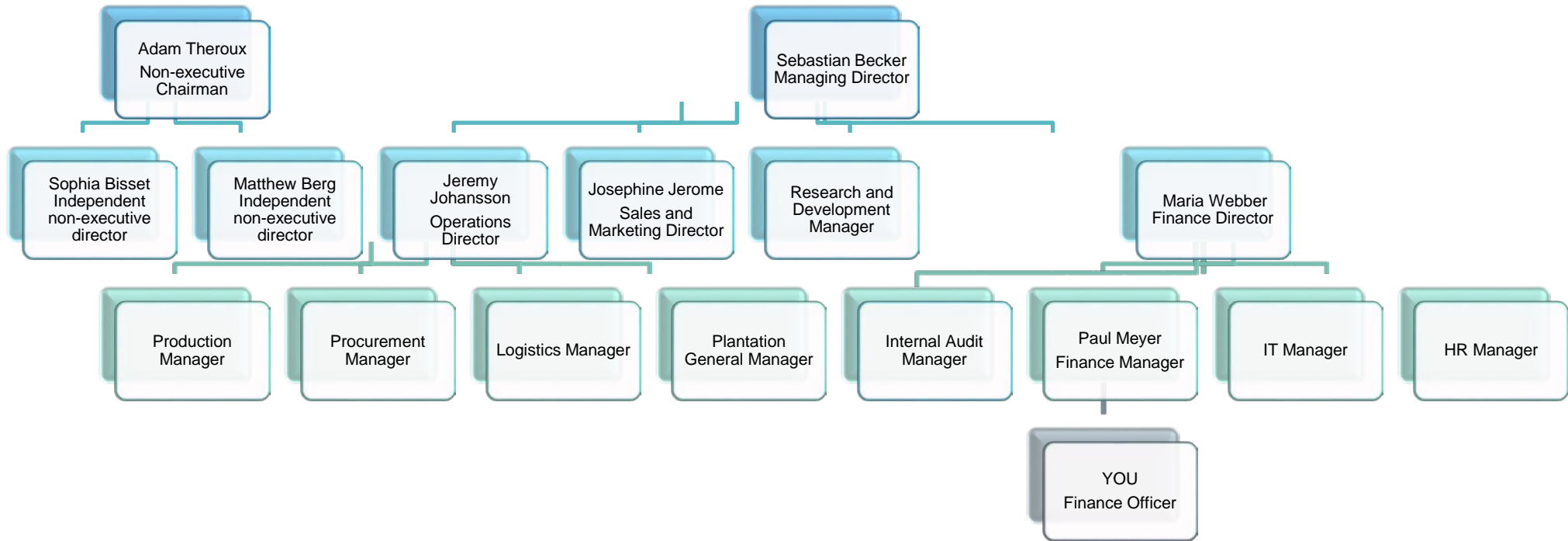
Corporate Governance

In compliance with best practice, the Board has established a number of committees to help it discharge its responsibilities. These include an Audit Committee, a Remuneration Committee and a Nomination Committee. The Audit Committee's role includes:

- reviewing the company's accounting policies and reports produced by internal and external audit functions;
- reviewing the adequacy and effectiveness of the company's internal control and risk management systems.

The Internal Audit Department, whilst line managed by the Finance Director, reports directly to the Audit Committee who determine the Internal Audit Department's work agenda and review their results.

Extract from Chokolade Box's organisation chart



The Products

The company's product range is split into three main segments: self-purchase, gifts and the 'Exclusive' range.

- Self-purchase includes small packaged chocolates and chocolate blocks. Self-purchase products generally contain smaller quantities of chocolates, include less expensive packaging and are at a lower price point than the products included in the 'gifts' range.
- Gifts includes boxed chocolates, seasonal gifts, collection sets and hampers.
- The 'Exclusive' range which includes specialised chocolates aimed at the chocolate connoisseur.

The products are produced in dark, milk and white chocolate or a combination of these. A wide variety of fillings are used in the chocolates including caramel, cherry, mint and praline and flavourings such as orange or caramel may be added to the chocolate itself.

Depending on the kind of chocolate, different ingredients are used in its production:

Dark chocolate: Cocoa liquor, cocoa butter and sugar

Milk chocolate: Cocoa liquor, cocoa butter, sugar and milk powder

White chocolate: Cocoa butter, sugar and milk powder



The company's products are considered to be high-quality, premium chocolates aimed at the luxury end of the market. The term 'premium' is normally used to distinguish chocolate with a high cocoa content. High-cocoa chocolate replaces sugar with cocoa.

The cocoa content of the company's products is as follows:

- dark chocolate with a minimum of 70% cocoa (cocoa liquor + cocoa butter);
- milk chocolate with a minimum of 40% cocoa;
- caramel or white chocolate with 35% or more cocoa.

This compares with the average milk chocolate on the high street which contains 20–25% cocoa.

Company Strategy

The company's strategy is driven by the founders Adam Theroux, Non-executive Chairman and Sebastian Becker, Managing Director. Chokolade Box's success is built on its brand image: an image of expertise, luxury gifts, innovative products, and ethical trading. Brand image is seen as key to the future development of the company.

The company aims to continue to develop its product range, whilst meeting environmental standards, improving profit margins and providing the best quality products and service. With this aim in mind the company has invested heavily in new manufacturing equipment to improve operational efficiency. Continued investment in research and development is fundamental to achieving this aim.

The company's strategy also includes further growth in the number of stores and the development of other profitable on-line opportunities or partnerships to deliver the brand to new customers.

Company Operations

The company's operations consist of the following areas:

- Research and development
- Production, Procurement and Logistics
- The cocoa plantation
- Sales and Marketing
- Finance, IT and HR

Research and development



Research and development are the responsibility of Sebastian Becker, Managing Director. Sebastian along with Adam Theroux, Non-executive Chairman formed the company in the 1990's. Sebastian still holds a significant shareholding in the company and takes a very 'hands-on' approach to managing the company. He believes that successful development of new products and flavours is fundamental to the company's success.

Research and development are a major focus for the company as it strives to develop new product formulations and tastes.

Tasting sessions of potential new company products are held each week. A potential new chocolate will not continue to production unless there is a unanimous positive vote from the tasting group.

Production, procurement and logistics



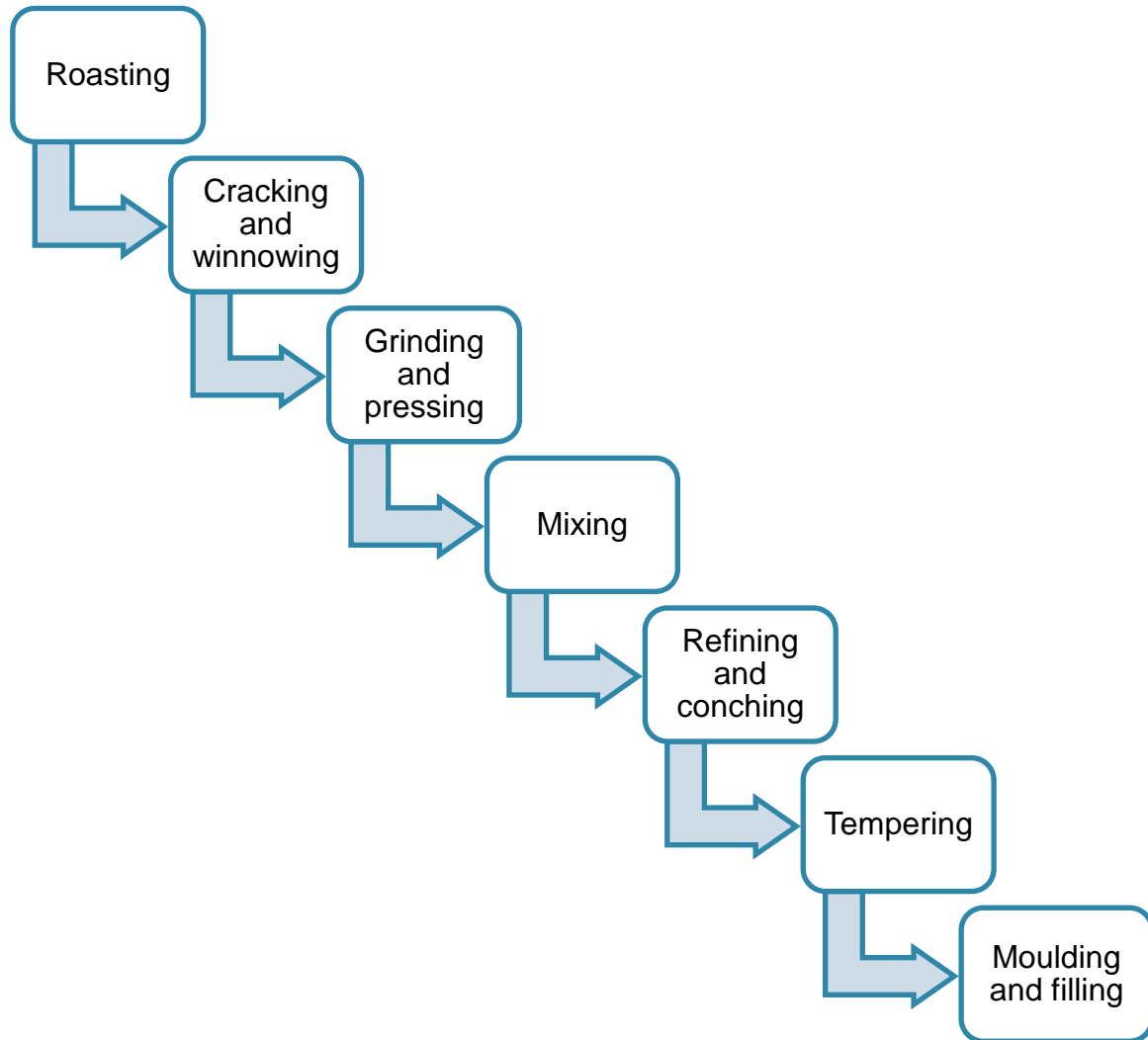
Production, procurement and logistics are the responsibility of Jeremy Johansson, Operations Director. He also has responsibility for the cocoa plantation operations. Jeremy is a chemist by profession. He joined the company in 2005 as Production Manager and became Operations Director in 2010.

Production

In 2008, the company made a major strategic decision to switch from outsourced production and invested in its own production facility in Essland. Over 95% of the product range is now manufactured in-house. In-house production has increased control over quality and allowed faster innovation whilst protecting intellectual property rights and improving gross profit margins.

The company manufactures all of its products at its 80,000 square metre, state of the art, manufacturing facility in Essland.

Extract from Chocolate Box's website
Our Manufacturing Process - From Bean to Chocolate



ROASTING

The cocoa beans are cleaned and roasted at temperatures between 130°C and 150°C. As a result of roasting, the beans develop their typical roasted cocoa aroma and dark brown colour. During this step, the shells come loose and separate from the kernels.



CRACKING AND WINNOWING

The beans are cracked open and the shell is removed in a process called winnowing. The lighter shells are blown away with fans, leaving behind pieces of pure cocoa bean, known as “nibs”.



GRINDING AND PRESSING

The nibs are ground into cocoa liquor. The cocoa liquor is further processed through pressing, which separates out the cocoa butter and leaves behind the cocoa cake. The cocoa cake is ground to create cocoa powder.



MIXING

During the mixing process, cocoa butter is mixed with cocoa powder for flavour and sugar for sweetness. The cocoa butter creates the melting quality of chocolate. Milk goes into the mix to make milk chocolate. White chocolate uses only cocoa butter without any cocoa powder.

REFINING AND CONCHING

Refining determines the particle size of the mixture: the chocolate fineness. Conching is when the pressed mixture, which is still powdery, is continuously agitated in large conches, generating frictional heat. The cocoa butter in the mixture starts to melt and the chocolate gradually becomes viscous. During this stage, all non-fats such as sugar and fat-free milk powder are fully enveloped in cocoa butter. This is what makes the chocolate feel smooth and gently melt on the tongue.



TEMPERING

Great chocolate should have a shiny finish and a good “snap”. This is created by tempering, the controlled process of raising, lowering and raising the temperature of the chocolate to form exactly the right kind of crystals. If you were to let the untempered chocolate cool naturally, the chocolate would be soft and crumbly and would not melt evenly on the tongue.



MOULDING AND FILLING

To make chocolate blocks, the melted chocolate is poured into plastic bar-shaped moulds and agitated to remove any air bubbles. To make filled chocolates, shell mouldings are used, which involves the liquid chocolate being poured into a cold mould and immediately inverted. A thin layer of solidified chocolate adheres to the inner mould surfaces; this is known as the chocolate shell. The filling is then poured into this shell and distributed evenly by shaking it.

Procurement

A proportion of the company's cocoa beans are obtained from its own plantation in Teeland, West Africa. These beans are of higher quality than the cocoa beans obtained from other cocoa farmers and are used to make the 'Exclusive' product range, giving its distinctive taste. The remainder of the beans are obtained from cocoa farmers in Africa and the Caribbean.

The plantation operation has provided the company's management with a deep understanding of the cocoa growing process. This knowledge has been invaluable in developing close relationships with other cocoa growers worldwide.

The remaining ingredients are sourced from a range of suppliers and the company has also developed strong working relationships with these suppliers.

Logistics

The company's logistics system records the movement of all goods from the receipt of raw materials in Chokolade Box's warehouse to the distribution of the packaged products to the company's stores or to the home address of online customers. The raw materials and finished products are held in a temperature controlled warehouse which is situated adjacent to the Essland factory.

Chokolade Box's products are distributed to stores and end-customers by road, using the company's own fleet of vehicles.

The Cocoa Plantation

The cocoa plantation is operated on a day to day basis by the local management team which consists of the General Manager and a manager for each of the separate activities of growing, harvesting, drying, packaging and shipping. The cocoa plantation managers do not have budgetary responsibility.



IT, Finance and HR support for the cocoa plantation, is provided by the staff in Essland. The responsibility for budgeting, performance management and internal controls lies with the Essland management and ultimately with Jerome Johansson, Operations Director.

Sebastian Becker and Adam Theroux frequently visit the plantation.

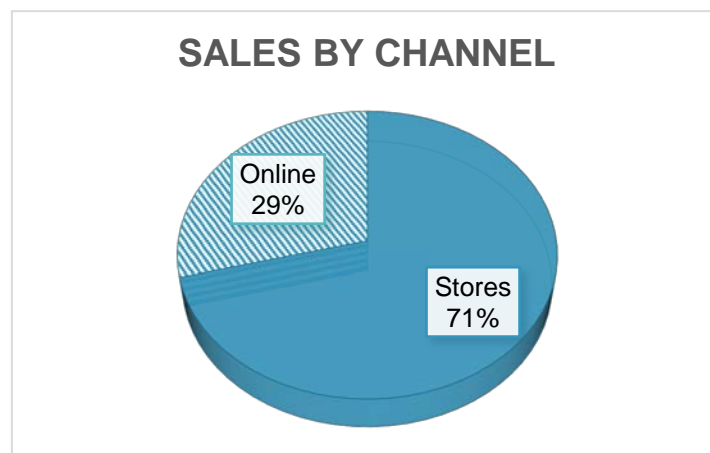
Sales and marketing



Sales and marketing are the responsibility of Josephine Jerome. Josephine joined the company in 2015 having previously worked for a major competitor as its Senior Marketing Manager.

Chokolade Box's products are sold in two main ways:

- Retail sales through its physical stores which are situated in major cities throughout Essland;
- Online sales through the company's own website.



Retail stores vary considerably in size from 10 square metres to 500 square metres. The choice of store location has been driven by extensive analysis of the online customer base. Typically, when a store opens there is a downturn in the online orders from that area in the first year. The store gradually enhances brand awareness and in years two and three online sales build up again until eventually the online business from that area reaches around 10 times the level before the store opened.

Chokolade Box does not sell its products through supermarkets which has enabled it to maintain excellent gross profit margins. It is however constantly looking for new potential sales channels for its products including sales to other market segments for example, the corporate market.

The Chokolade Box brand evokes escapism and offers an innovative take on luxury chocolate. An in-house design team carefully plans the look and feel – from chocolate mould creation to packaging, to marketing communications and store fit-outs.

Chokolade Box operates a business to consumer (B2C) marketing strategy advertising its products in a variety of media. Given digital development, social media marketing is an important part of the company's marketing strategy.

The company is keen to also demonstrate its credentials as a socially responsible company. The company's corporate and social responsibility policy includes a commitment to protecting the health of its customers by lowering the sugar content of its products whilst maintaining quality and taste. In response to the health lobby and in an attempt to change consumer behaviour, the company is considering the use of social marketing for some of its products.

Finance, IT and HR



Finance, IT and HR are the responsibility of Maria Webber, Finance Director. Maria is a CIMA member and has extensive experience in large retail organisations.

Finance

The financial information system produces monthly management accounts and annual statutory accounts. This information system also generates daily and weekly sales revenue and gross profit margin information for the online operation and each of the stores.

Budgets are produced on an annual basis using incremental budgeting. Individual functional and store managers have budget responsibility. Budget responsibility for the cocoa plantation lies with the Operations Director.

The company uses a factory-wide overhead absorption rate based on labour hours.

IT

The company was 'born digital' and IT is considered an important aspect of its operations. It uses an industry leading enterprise resource planning (ERP) system which has been tailored to Chokolade Box's requirements.

A major focus for IT is to improve customer loyalty, acquisition and conversion through digital upgrades including a smartphone optimised website.

Human Resources

The company staff is considered its most valuable asset and procedures are in place to ensure the development and well-being of staff.

Career progression and training is supported and targets are set to ensure as high a proportion of vacancies as possible are filled via internal promotions. The company's 'All About Chocolate' qualification is available to all employees and provides a detailed understanding of all aspects of cocoa growing and chocolate making.

Extract from the company website

Corporate and Social Responsibility

Ethics

- We engage directly with farmers and pay a premium for cocoa grown to sustainable standards of stewardship. 100% of the cocoa purchased by Chokolade Box is from sustainable sources.
- We help local farmers improve yields by providing knowledge, tools and materials. We work alongside national governments to support higher productivity in West Africa.
- We support local communities. Chokolade Box have funded the construction of a health centre close to our plantation in West Africa which provides emergency medicine, midwifery services and preventative healthcare for local communities.
- We strive to continuously improve the benefits of our investments to support the sustainability of cocoa growing communities and independently assess the impact.

Customers

- We are committed to protecting the health of our customers by lowering the sugar content of our products whilst maintaining quality and taste. Over 90% of all products already meet the government's 2018 target for sugar per gram.
- We provide clear information to our customers on ingredients and ensure that accurate portion size guidance is included on all products.
- We never sell our products at discounted prices before the end of a seasonal event for example, Easter or Christmas, so the customers know they are paying a fair price for their purchase.

Employees

- We strongly believe that our team are a key ingredient in the business.
- We strive to improve communication with employees and encourage everyone to share their views and feel empowered to make decisions for the good of the business.
- We are committed to actively promoting diversity in our workforce by encouraging the greatest possible breadth of experience to best meet the diverse needs of our customers.
- We provide fair remuneration to our employees.
- We are committed to ensuring the health and well-being of our employees.

Environment

- We are committed that, by 2021, 100% of our packaging will be recyclable.
- We have ensured that 100% of our electricity is obtained from renewable sources.
- We treat energy efficiency as a high priority in every capital investment decision that we make, including in-store lighting, distribution vehicles and our factory operation.

3. The Chocolate Confectionery Industry

Competitive Environment

Sales of chocolate confectionery in Essland reached E\$6.4 billion in 2018. Sales growth in the chocolate confectionery industry has been slow over recent years and the industry is expected to continue to grow slowly in the period 2019-2023.

Industry growth has been adversely affected by health concerns in particular the link between sugar consumption and weight gain and its correlation with food-related diseases. As consumers increasingly pursue a healthy lifestyle for their children and themselves, it is expected to prompt them to look for healthier and more nutritious snacking options.

The prospect of government regulation of the industry, in response to health concerns, is a major challenge. The Essland government has recently imposed a 'sugar tax' on soft drinks and there is discussion within the industry as to whether this will be extended to a wider range of products including chocolate. Many leading chocolate manufacturers have responded to this threat by cutting the sugar content of their products by as much as 40%.

Whilst the overall market is slow growing there are particular areas which have seen significant growth. Organic chocolate confectionery outperformed the overall chocolate confectionery category in retail sales value growth as demand for ethical and 'healthy' chocolate continued to rise.

Dark chocolate has performed well over the last few years due to its ability to meet consumer demand for a healthier but indulgent treat. However, growth in dark chocolate sales volume is expected to slow in future. Instead, the rejection of artificial ingredients and the demand for 'all natural' products by consumers, has resulted in strong growth for raw chocolate confectionery.

Premium chocolate is no longer the preserve of the few as some major retailers are dedicating more shelf space to small premium players. The generally accepted definition of 'premium' is also starting to change as some well-known brands take premium to the masses.

The growing share of supermarket own-label chocolate means that price is going to be a key factor for future growth. Price segmentation has been an important strategy for the supermarkets enabling them to appeal to a wide consumer base. Premium own-label brands can be as much as 33% cheaper than other well-known brands.

Negative publicity around chocolate confectionery and the desire for guilt-free indulgence, means that reformulation, variety and packaging innovations will be important for future growth.

4. Extract from Chokolate Box's 2018 Consolidated Financial Statements

Consolidated statement of profit or loss for the year ended 31 December	2018 E\$000	2017 E\$000
Revenue	139,598	126,288
Cost of sales	(44,089)	(40,510)
Gross Profit	95,509	85,778
Operating expenses	(79,590)	(71,465)
Operating profit	15,919	14,313
Finance costs	(668)	(867)
Profit before tax	15,251	13,446
Taxation	(3,275)	(2,929)
Profit / (loss) for the year	11,976	10,517

Consolidated statement of financial position
as at 31 December

	2018 E\$000	2017 E\$000
<u>Non-current assets</u>		
Intangible assets	3,346	2,806
Tangible assets	41,825	36,342
	45,171	39,148
<u>Current assets</u>		
Inventories	15,084	12,222
Prepayments	1,768	1,074
Cash and cash equivalents	283	10,164
	17,135	23,460
<u>Total Assets</u>	62,306	62,608
<u>Equity and Liabilities</u>		
Share capital	136	136
Share premium	14,099	14,099
Retained earnings	30,557	21,560
Total equity	44,792	35,795
<u>Non-current liabilities</u>		
Borrowings	4,480	11,678
	4,480	11,678
<u>Current liabilities</u>		
Trade payables	11,438	13,808
Current tax liabilities	1,596	1,327
	13,034	15,135
<u>Total Equity and Liabilities</u>	62,306	62,608

Consolidated statement of cash flows for the year ended 31 December

	2018 E\$000	2017 E\$000
Cash flows from operating activities		
Profit / (loss) before tax	15,251	13,446
Depreciation	5,325	4,004
Amortisation	616	502
(Profit)/loss on sale of tangible assets	106	134
Net finance costs	668	867
(Increase) / decrease in inventory	(2,862)	(3,770)
(Increase) / decrease in trade and other receivables	(694)	88
Increase / (decrease) in trade and other payables	(2,370)	(312)
Cash generated from operations	16,040	14,959
Interest paid	(695)	(871)
Tax paid	(3,006)	(2,336)
Net cash generated from operating activities	12,339	11,752
Cash flows from investing activities		
Purchase of tangible assets	(11,323)	(9,054)
Purchase of intangible assets	(1,156)	(1,079)
Proceeds on disposal of tangible assets	409	17
Interest received	27	4
Net cash used in investing activities	(12,043)	(10,112)
Cash flows from financing activities		
Increase / (repayment) of long-term borrowings	(7,198)	754
Dividend paid	(2,979)	0
Net cash from/ (used in) financing activities	(10,177)	754
Net increase / (decrease) in cash and cash equivalents	(9,881)	2,394
Cash and cash equivalents at beginning of the year	10,164	7,770
Cash and cash equivalents at the end of the year	283	10,164

5. Budget Information

Budget for the year to 31st December 2019

Total company budgeted revenue and gross profit:

	Self-purchase E\$000	Gifts E\$000	Exclusive E\$000	Total E\$000
Total sales revenue	36,190	85,800	31,900	153,890
Cost of sales	12,116	26,919	8,511	47,546
Gross profit	24,074	58,881	23,389	106,344
Gross profit margin	66.5%	68.6%	73.3%	69.1%

Detailed budget for Self-purchase:

	Mixed selection box	Chocolate blocks	Mix and match	Chocolate bags	Total
Number of units (000)	1,100	1,210	2,750	4,620	
Per unit	E\$	E\$	E\$	E\$	
Average selling price	6.50	8.00	2.00	3.00	
Standard cost	2.42	2.87	0.73	0.86	
Gross profit	4.08	5.13	1.27	2.14	
	E\$000	E\$000	E\$000	E\$000	E\$000
Total sales	7,150	9,680	5,500	13,860	36,190
Total cost of sales	2,662	3,473	2,008	3,973	12,116
Total gross profit	4,488	6,207	3,492	9,887	24,074
Gross profit margin	62.8%	64.1%	63.5%	71.3%	66.5%

Budgeted average standard costs per unit for Self-purchase:

	Mixed selection box	Chocolate blocks	Mix and match	Chocolate bags
	E\$	E\$	E\$	E\$
Direct material cost	1.50	2.50	0.45	0.40
Direct labour cost	0.40	0.16	0.12	0.20
Variable production overheads	0.10	0.04	0.03	0.05
Fixed production overheads	0.42	0.17	0.13	0.21
Total standard costs	2.42	2.87	0.73	0.86

Detailed budget for Gifts:

	Boxed chocolates	Collection sets and hampers	Seasonal gifts	Total
Number of units (000)	2,200	770	4,400	
Per unit	E\$	E\$	E\$	
Average selling price	15.00	40.00	5.00	
Standard cost	4.71	12.76	1.53	
Gross profit	10.29	27.24	3.47	
	E\$000	E\$000	E\$000	E\$000
Total sales	33,000	30,800	22,000	85,800
Total cost of sales	10,362	9,825	6,732	26,919
Total gross profit	22,638	20,975	15,268	58,881
Gross profit margin	68.6%	68.1%	69.4%	68.6%

Budgeted average standard costs per unit for Gifts:

	Boxed chocolates	Collection sets and hampers	Seasonal gifts
	E\$	E\$	E\$
Direct material cost	3.10	10.00	1.30
Direct labour cost	0.70	1.20	0.10
Variable production overheads	0.18	0.31	0.03
Fixed production overheads	0.73	1.25	0.10
Total standard costs	4.71	12.76	1.53

Detailed budget for the 'Exclusive' range:

	Vintage chocolate blocks	Luxury boxed chocolates	Total
Number of units (000)	220	440	
Per unit	E\$	E\$	
Average selling price	25.00	60.00	
Standard cost	5.17	16.76	
Gross profit	19.83	43.24	
	E\$000	E\$000	E\$000
Total sales	5,500	26,400	31,900
Total cost of sales	1,137	7,374	8,511
Total gross profit	4,363	19,026	23,389
Gross profit margin	79.3%	72.1%	73.3%

Budgeted average standard costs per units for the 'Exclusive' range:

	Vintage chocolate blocks	Luxury boxed chocolates
	E\$	E\$
Direct material cost	4.80	14.00
Direct labour cost	0.16	1.20
Variable production overheads	0.04	0.31
Fixed production overheads	0.17	1.25
Total standard costs	5.17	16.76

Key Statistics				
	Budget 2019	Actual 2018	Actual 2017	Actual 2016
Sales revenue (E\$000)	153,890	139,598	126,288	109,308
Sales growth	+10.2%	+10.5%	+15.5%	+12.4%
Gross profit (E\$000)	106,344	95,509	85,778	73,024
Gross profit margin	69.1%	68.4%	67.9%	66.8%
Operating profit (E\$000)	16,817	15,919	14,313	7,639
Operating profit margin	10.9%	11.4%	11.3%	7.0%
Number of stores	120	104	89	80

6. The Tax Regime in Essland

Corporate Profits:

- The corporate tax rate applicable to taxable profits is 20%.
- The sales tax rate is 20%.
- Unless otherwise stated below, accounting rules on recognition and measurement are followed for tax purposes.
- The following expenses are not allowable for tax purposes:
 - accounting depreciation;
 - amortisation;
 - entertaining expenditure;
 - donations to political parties; and
 - taxes paid to other public bodies.
- Tax depreciation allowances are available on items of plant and machinery (including vehicles used for business purposes) at a rate of 25% per year on a reducing balance basis.
- Tax losses can be carried forward to offset against future taxable profits from the same business.

Confectionery Today

31 October 2019 No. 122

£\$4.70

Luxury chocolate: the sweet secret of success

Elena Lopez, Business Correspondent

We are, it seems, a nation of chocolate experts. Our taste for luxury chocolate is soaring, along with the price that we are prepared to pay for this treat. Supreme quality chocolate is commanding a suitably supreme price. Whilst much of the chocolate market remains sensitive to pricing, there seems to be little relationship between price and demand for some brands. As a result, an industry of artisan chocolate makers and specialist chains has been created, able to enjoy strong profits as a reward for meeting the expectations of the gourmet consuming public.

Our taste for luxury chocolate has become more sophisticated with consumers keen to try new and interesting flavours. The best brands are therefore constantly innovating. However, it certainly is not easy to meet the expectations of the discerning customer.



Chokolate Box's Sales and Marketing Director, Josephine Jerome, explains that it is vital to provide consistently excellent quality by using the very best ingredients. The world of luxury chocolate is however not just about the product itself. It is important to invest in creating staff expertise and a customer experience. Josephine agrees, suggesting that the secret of a strong chocolate brand is an exciting and interactive brand experience, but also a reputation for consistency. It is clear that the sweet secret of success depends on a number of factors but ultimately our pleasure!

Health Food Weekly

1 November 2019 No. 72

E\$2.70

Dark Chocolate: Is it really healthy?

Simon Lui, Business Correspondent

The short answer is yes, maybe!

Dark chocolate is rich in cocoa solids, which contain compounds known as flavanols. At high levels, cocoa flavanols have been shown to help lower blood pressure and cholesterol and possibly lower the risk of diabetes.

Dark chocolate has the highest amount of cocoa flavanols; milk chocolate contains less, and white chocolate none.

But while flavanols in dark chocolate make it a healthier treat, the manufacturing process can remove some of these beneficial compounds.

There are a small number of specialist products on the market which have been made using a process which preserves the cocoa flavanols, however these products are expensive and generally not available in high street shops.



But, even though the flavanol content may vary among dark chocolate brands, it's still a healthier choice than milk chocolate, which also tends to have more sugar.

So, if you need further justification to enjoy some dark chocolate: a third of the fat in cocoa butter is stearic acid, a saturated fat that, appears to have a neutral effect on blood cholesterol. And even more justification: cocoa powder contributes minerals, including calcium, copper, iron, magnesium, phosphorus, potassium and zinc.

So, is dark chocolate healthy?

The message is clear: dark chocolate is healthier than milk chocolate but as with anything else containing fat and sugar, moderation is key!